

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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School Property Tax Control Board Meeting Minutes June 19, 2008

Call to Order: The monthly meeting of the School Property Tax Control Board was held on Thursday, June 19, 2008. The meeting was held in the Indiana Government Center South, Conference Center Room A, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Dan Jones, Richard Besinger, Roger Umbaugh, Debbie Hineline, Joseph Bronnert, Morris Mills, Paul Joyce, Chuck McLean (Administrative Officer), and Linette Pedigo (Administrative Secretary).

Minutes and Discussion: Mr. Bronnert began by calling for any additions or corrections to the April 17, 2008 minutes. Hearing none, Mr. Umbaugh motioned to approve the minutes. Mr. Besinger seconded and the minutes passed by a vote of 7-0.

Community School Corporation of Southern Hancock County, Hancock

County: The school is requesting approval to enter into a lease/purchase agreement in the amount of \$27,710,000 with maximum annual payments of \$2,470,000 for a term of twenty (20) years. The project is comprised of the construction of a new 145,000 square foot intermediate school with a capacity of 800. The cost of connecting Doe Creek Middle, Sugar Creek Elementary and the new Brier Creek Intermediate building to the local utility company for all the schools' sewage treatment, as well as the cost associated with improvements of County Road 200 South at the new school site are all planned in the project.

Project costs: \$27,710,000
Applied to Debt: 0
Annual Payment: \$2,470,000

Tax Rate Impact:
2007 AV \$854,469,045
Levy Needed \$2,470.000
Est. Tax Rate .2100

Meeting and publication dates:	
Date of publication of the 1028 Hearing	04/03/2008
Date of 1028 Hearing	04/14/2008
Date of the Notice for the Preliminary Determination Hearing	04/17/2008
Date of Publication of the Preliminary Determination	04/17/2008
Auditor's Certificate of No Remonstrance	05/19/2008

Present for the hearing: Mark A. Cox, School Board President; Tom Tucker, School Board; James M. Halik, Superintendent; Karl Sturbaum, Bond Counsel; Bob Yoder, Assistant Superintendent; Kari Vilamaa, Architect; Larry Dawner, Construction Manager – Envoy; John Barbee, Construction Manager – Envoy; Kevin Harvey, School Board Member; Rhonda Peterson, Director of Curriculum; Ann Johnson, Superintendent/Board Administrative Assistant; Barbara Snyder, School Board Secretary; Rebecca S. Gaines, New Palestine Press; Natalie Disman, Curriculum Secretary; Janice Bergeson, Principal of New Palestine High School; Brian McKinney, School Board Member (Vice President); Chris Speckman, New Palestine Reporter; Ray Jonas, Facility Studies Group; Mark Kern, Principal of New Palestine Elementary; and Steve Meno, Financial Advisor.

Comments: Mr. Jim Halik, Superintendent, began and said that they are here today as the culmination and conclusion of an ongoing two-year process for a new intermediate school. Mr. Bob Yoder, Assistant Superintendent, took the floor and said the reason for this project is that it is in alignment with the facility renovation needs as determined by the Community Facility Study Committee to provide space for the growing student enrollment. This project is part of the findings of a Study Committee's Ten-Year Master Facility Plan that addresses long-range facility, instructional, and technology needs, as well as the projected student enrollment growth. The Committee consisted of over 40 school patrons and community members with representation from the area newspapers.

Mr. Yoder said that the project itself, a new Brier Creek Intermediate School, will be a 145,000 square foot facility to house grades five and six. It will function as an extension of the elementary school curriculum and instructional model. The building's support areas are designed to allow additional classrooms to accommodate a future capacity of 1000 students; presently they are building it with a capacity of 800. The building will have general classrooms, science labs, and computer labs in a two-story configuration, and will be constructed using a green-architect concept. Technology will be an important component in all educational spaces.

Mr. Yoder continued and stated that presently, Doe Creek Middle School is at capacity and they are using two portable classrooms. Sugar Creek Elementary School has no vacant classrooms. The district must get through three more years before this intermediate school construction will alleviate the current overcrowding conditions. The new building will allow the sixth grade to relocate out of the middle school, a building that currently houses 841 students. This will free up eight classrooms for future growth. The new building will allow the fifth grade to relocate from three elementary schools, thereby freeing up 11 classrooms for future growth. Mr. Yoder summarized that this new facility will allow them to meet their growth for the next six to eight years by freeing up these spaces.

Mr. Yoder stated that another part of this project is their intent to connect the new Brier Creek Intermediate School, Sugar Creek Elementary, and Doe Creek Middle School (all schools on

their Creek Campus) to Gem Utilities for public sewer service. This will allow the school to abandon its present waste treatment facility.

Mr. Yoder continued and said that their school system has grown from 2567 in 1996 to 3413 in 2007. This is an increase of 33%, or 846 students in a 12-year period. In the past five years, they have averaged an increase of 111 students per year.

Mr. Yoder then said that not a single person was present to express concern about this project at the 1028 Hearing or at any Board meeting where the project was discussed and planned. He said that no taxpayer filed a petition/remonstrance and there was unanimous School Board support for the 10-year facility plan and for the project.

Five years ago the School Board purchased a 62-acre site of land to be used as a future school building site, and this is where the new Brier Creek Intermediate School will be built. Mr. Yoder said the project falls within the DLGF's threshold, and it is approximately \$11 per square foot under the threshold for new construction.

Mr. Yoder stated that in their data, they had listed the potential tax rate impact of this project at 8.8 cents, but after the new assessed values came in, the new rate will be slightly over 7 cents for the first year, a little over 4 cents for the second, and less than what it was in 2007 for the third year.

Mr. Mills asked how many houses are being built right now, and Mr. Yoder said their building has slowed down in the past six months. He said that they have seen through their demographics study that growth is not just dependent on new housing; a lot of people are moving into existing houses. Mr. Mills then asked under the new tax laws, such as the Circuit Breaker, how it will affect the school district. Mr. Yoder said they tried to look at the Circuit Breaker situation, but the Hancock County Auditor does not yet have that data. The best information they have at the present time is the study that LSA put out. The first year they are going to be hit by about \$170,000, and the second year is about the same. He said there will be some impact. Mr. Mills asked how this debt service affects that. Mr. Yoder said they will take the biggest hit the first year.

Mr. Besinger asked if they will be back for a New Facility Appeal. Mr. Yoder said they are planning for that appeal; it was part of their advertisement. He said the reason for that is when a building is staffed, there are quite a few staffing members that they will have to add, and they are going to do that out of their growth money.

Mr. Umbaugh asked if they feel confident with the Circuit Breaker. Mr. Yoder said yes and that with their growth, they have to build this building and they have to make it work. Mr. Joyce asked what their current capacity is. Mr. Yoder answered that the middle school is their biggest problem. It has 841 students in it with two portable buildings. He said there is not only a classroom issue, but also all the common areas are overcrowded. At one elementary school, it is full and all the classrooms are being used. At another elementary school, they have one vacant classroom, and in the third school they have four vacant classrooms. He said there is a potential growth problem there, but they are in good shape with the high school. Mr. Bronnert said he had

the same question as Mr. Joyce because they did not list the enrollment per school. He said they should send that information in to the DLGF. Mr. Bronnert then asked which grades their middle school houses, and Mr. Yoder said grades 6, 7 and 8. Mr. Bronnert wanted to clarify that it will then house grades 7-8 after this project, and Mr. Yoder said that was correct. He said they will be pulling 250-270 kids out of the middle school; this is why the intermediate school is so imperative. Mr. Joyce asked where their high school will be at when the capacity gets there. Mr. Yoder explained that presently they have about 1000-1050 students there, and they can handle another 200 with their present structure, which will be enough to handle the growth.

Mr. Besinger asked next about their Capital Projects Fund and what they spend out of it on insurance, utilities, etc. Mr. Yoder said their total Capital Projects Fund is about \$3.2 million and they use about \$500,000 for utilities. He said they do not use any of this fund for insurance, but they pay about \$300,000 for computer personnel salaries. Mr. Besinger said this is always a concern of his; using money out of the Capital Projects Fund. He said in the end this will put another burden on the taxpayers. He said with their growth and the money they have in their Capital Projects Fund, if they would stay within that they would not have to put that burden on the taxpayer. Mr. Yoder said that every year they do a lot of repairs and maintenance using their Capital Projects Fund. He said their buildings are in very good shape, so he does not see them having to do a major repair or another bond issue in the immediate future.

Mr. Mills then asked about their Transportation Fund and what kind of shape it is going to be in with these high fuel prices. Mr. Yoder said it is hurting, and he just hopes that the fuel prices stay at \$4, but he said they are okay this year.

Mr. Jones asked if Hancock County has adopted any Local Option Income Taxes (LOIT) in order to alleviate some of the pressure of the Circuit Breaker. A respondent said they already have LOIT, but there has been no increase since the legislation has taken effect. He said the County is looking at that as an option, but there has been no action to date.

Mr. Bronnert asked if using geothermal energy is going to help with utilities. A respondent said that is something they are looking very seriously at for this project. Once they get all of the approvals, they will get serious about designing that. Mr. Bronnert commented that energy prices are going to continue to go up. Mr. Yoder said that in the past they have been concerned about using geothermal energy and the initial construction costs associated with it. He said that recently it appears that there is not a big cost difference so they are wanting to actively pursue it. Mr. Halik said they have had a couple meetings with engineers to talk about the differences, so they are serious.

Mr. Joyce asked what the negatives of this project are. Mr. Ray Jonas, of the Facility Studies Group, said there were no negatives seen by the committee. He said they received no negative feedback from any patrons and the tax impact is minimal. Mr. Bronnert said a negative is the total cost, so if they did not do this project the tax rates would go down significantly. Mr. Yoder said if they were to not do this project, they would have to move more portables in. He said the people in this community demand a good school system. In the past they have built nice facilities; they do not build fancy facilities, and the community has always supported that. Mr. Bronnert commented that this project is going to cost a lot though. Mr. Yoder said that in the first

year, their debt service rate will be around 51-52 cents. They calculated that a house assessed at \$200,000 will pay \$75 the first year. Mr. Bronnert said he does not want to know the cost difference; he wants to know the actual tax burden. Mr. Yoder said their present rate this year is \$1.61. With the general fund coming off of that next year, their total rate will be about 98 cents. At that point, their debt service rate will be 54 cents. Mr. Yoder said no; the rate will start declining because they have debt that is starting to roll off. They will see an increase for two years, and then that debt service rate starts dropping fairly substantially. Mr. Halik said this is going to be their last building for a while; it will accommodate their growth needs for years to come. Mr. Bronnert said that schools usually like to talk only about the difference. Mr. Yoder said they published in the newspapers what they thought the impact would be for three different priced homes. Mr. Bronnert asked if they could send that to the DLGF. Mr. Halik said they can.

Mr. Mills asked what the breakdown of the assessed valuations in the district is. Mr. Yoder said it is about 75-77% residential. Mr. Mills said if they have a \$1 tax rate and a 1 cent limit on what they can collect from about 75% of the valuations, he asked how that will work. Mr. Yoder said that is something they will feel the full brunt of in three years; it is difficult to project.

Mr. Besinger, in following up with Mr. Bronnert's earlier question about tax rates, said that everybody talks rate. As AV's go up, rates should go down, but the individual taxpayers are still going to pay as much money. Mr. Yoder said that is the reason they put the information about what they thought the tax rate impact of this project would be on three differently priced homes. Mr. Halik said they feel proud of the process and the public input. He said if they had a choice they would not be here today, but they must because of their growth. Without this building they would have more problems.

Mr. Mills confirmed that they picked up 840 students in the last 12 years. He asked how much construction have they done to accommodate this past growth. Mr. Yoder said they have built two elementary schools and have put additions on to their high school. Mr. Mills asked by how much has the student capacity increased in that period of time. Mr. Yoder said by about 800. Mr. Mills wanted to clarify then that they have filled all of their growth with capacity, and Mr. Halik said they are very conservative in their district.

Motion: Ms. Hineline motioned to recommend approval of a lease rental agreement in the amount of \$27,710,000 with maximum annual payments of \$2,470,000 for a term of 20 years. Mr. Umbaugh seconded, and the motion carried by a vote of 6-1, with Mr. Mills opposed.

Tippecanoe School Corporation, Tippecanoe County (High Schools): The school is requesting approval to execute a lease in the amount of \$28,000,000 with maximum annual rental payments of \$3,630,000 for a term not to exceed twenty-two (22) years. The project consists of adding 34,000 square feet to McCutcheon High School, creating a Center for Advanced Studies, and adding capacity for 50 more students at the facility. In addition, McCutcheon High School will have renovation done to its existing 91,000 square feet. At Harrison High School, a Center for Advanced Studies will also be created, adding 31,000 square feet and a capacity for 150 additional students. Harrison will also have some of its existing 91,000 square feet remodeled.

Project Costs: \$28,000,000
Amount applied to debt: \$0
Annual Payment: \$3,630,000

Tax Rate Impact:

2007 AV	\$3,902,754,460
Levy Needed	\$3,540,000 (first year)
Est. Tax Rate	.2568

Meeting and publication dates:

Date of publication of the 1028 Hearing	04/26/2007
Date of 1028 Hearing	05/09/2007
Date of Notice for Preliminary Determination	05/07/2007
Date of Publication of the Preliminary Determination	05/17/2007
Auditor's Certificate of No Remonstrance	06/07/2007
Proof of Publication of Notice on Hearing of Lease	05/14/2008
Excerpts & Minutes approving form of lease	05/14/2008

Common Construction Wage Hearing held 02/14/2008 Vote: 3-0-1

Appeal: .0070; \$300,000

Present for the hearing: Linda Y. Day, School Board President; Stephen Ford, Architect; Douglas L. Lesley, Principal of Harrison High School; John Beeker, Principal of McCutcheon High School; Mark Deyoung, Attorney; Scott Hanback, Superintendent; David Notary, Assistant Superintendent; Jane Herndon, Bond Counsel from Ice Miller; Kim Fox, Chief Financial Officer; Lonnie Therber, Financial Advisor; and Ron Alting, State Senator.

Comments: Ms. Linda Day began by saying that the school corporation is geographically the second largest in the state, and enrollment has grown significantly over the past 20 years. They project a real need for significant additional classrooms, and these projects are designed to meet that need. She added that over the years, they have developed several growth strategies to mitigate the need for new construction. They are an open enrollment district which generally allows students to attend any TSC school of their choice, with a few moratorium exceptions for crowded schools. They also allow transfer out of their district to other school districts. Last year they had 270 of their students transfer out of their district with only 22 students transferring in. Ms. Day added that they have developed partnerships with Purdue University and Ivy Tech State College to create and implement programs for their students. She said that despite these efforts, they still must maintain 24 portable classrooms in their district. Although they have always tailored their school construction to meet their actual needs, continuing use of these portables show that they still have an actual and immediate need.

Ms. Day continued and said that they have always enjoyed strong community, patron, and taxpayer support, but they have faced several significant taxpayer challenges to school construction in the past. She said their patrons understand their rights and the school construction

approval process and they are not afraid to oppose projects they feel are not in the community's best interest.

Senator Alting took the floor next and spoke of his and the community's support for this project. He said this school corporation is very conservative with taxpayer's dollars. They use the same blueprint for all of their elementary schools in order to save money.

Mr. David Notary, Assistant Superintendent, spoke next and said that they have two high schools in their district. What they are proposing is to build a ten-room addition on to each of the schools. These projects will be pursued in order to accommodate the enrollment and program growth they are seeing and wanting to implement in their school district. In response to their enrollment growth, he said they have had several Facility Committees established and report to their School Board. They have followed their recommendations in the past and they continue to follow their recommendations now in regards to building new facilities and boundary changes. He said that for the past 20 years, a portion of their population would like them to build a third high school, but they believe that would not be a cost-effective way to deal with their growth. They believe their growth could be accommodated while enhancing instructional programming at the same time. Some of the programming changes they would like to make are in line with the national trend to revamp and retool high schools to prepare students for the 21st century.

Mr. Notary then said that the Advanced Studies Centers will house fourth level courses: Math, Science, Technology, English, Social Studies, and Fine Arts. Through this preparation they hope the students will be more effective on AP exams, and they hope they are provided with the high technical, mathematical, and science instruction that the State is looking for in its employees.

Mr. Notary continued and said that in addition to the half-day provided to the students to attend the higher learning institutions (Ivy Tech and Purdue University), they will also release students to work-study programs with local employers. These partnerships provide their students with social, time management, and work ethic skills, making them viable to Indiana's workplace.

Mr. Notary then stated that they see both of these new centers at the high school possessing a lot of technology. They cannot afford to put high-end technology throughout their high schools, so instead they elected to maintain what they currently have in their high schools and then kick it up a notch in these new centers. In these, the students will be provided wireless networking, robotics, video conferencing, web access, online research, and international connection resulting in student globalization skills. He said they feel this is financially prudent because they cannot maintain and replace the computers in their buildings every 3-5 years, but they can in these centers.

Mr. Notary summarized that these high school projects will bring enhanced learning in modern technologically-rich environments to future Indiana employees.

Mr. Lonnie Therber, Financial Advisor, took the floor next and stated that the school corporation has a long history of retiring debt in a short amount of time. The planned repayment of the high school bonds is to do it within ten years beginning in tax year 2010.

Mr. Bronnert stated that the current enrollment of Harrison High School is 1674 with the new capacity to be 1900, and the current enrollment of McCutcheon High School is 1814 with the new capacity to be 1620. He asked if they were planning on squeezing the students in tighter or if they were planning on transferring some out. Mr. Notary said they have two types of capacity; an optimal and an excessive capacity. He also said that they will also be doing some redistricting by having the proposed elementary school take some of the elementary staff from McCutcheon High School and shifting them to Harrison High School. Mr. Notary added that with these new centers, they will be putting kids in there for only a half-day and then giving them an assignment outside of the school as well. He said this means they can accommodate 250 kids twice a day; much like half-day kindergarten.

Mr. Joyce then asked how this will affect capacity if they are growing at the rate they say they are growing at. Mr. Notary said they are doubling by accommodating 250 kids twice a day, but this is not going to work forever. Mr. Joyce asked what their growth rate is per class. One of the high school Principals said they are growing at about 50 students per year. Mr. Joyce asked if this project will take care of that. Mr. Notary said it will for a term of about five to ten years.

Mr. Umbaugh wanted to confirm that they presently have 24 portables. Ms. Day said yes, in the entire school corporation.

Mr. Mills then asked what the enrollment is in Lafayette. Mr. Notary said they have seen a decrease over time; sometimes it is leveled off or there is a slight decrease.

Mr. Jones asked if they have any outstanding debt. Ms. Kim Fox, Chief Financial Officer, said they have about \$100 million. Mr. Jones asked what the tax impact is for both issues. Mr. Therber said 14 cents. Mr. Jones asked what the property tax sentiment is. Ms. Day said they have discussed these projects at least eight times at Board meetings over the past year, and at no time did they have a patron speak against the projects. She added that no patron spoke out against this project at their 1028 hearing either. Mr. Jones wanted to clarify that their 1028 hearing was almost a year ago, and Ms. Day said that is correct. Mr. Jones then asked what happened after their tax bills went out last year. Mr. Mark Deyoung, Attorney for the school corporation, said they have not received anything like the outcry they have heard about in the Indianapolis area, but they do have a lot of people with questions about their high tax bills. He said they have increased their tax bills due to the new tax system, but they have not seen people coming to the school corporation to complain about their tax rate. One of the key reasons for this is that their tax rate is favorable compared to other surrounding school corporations. Mr. Jones said the reason he asked is because this issue is about 1.3% of their assessed value, which is a large issue. Mr. Deyoung agreed that this is a large issue, but he said they have had other large issues in the past and the taxpayers are familiar with this process. Mr. Therber commented that he feels this issue is not excessive because this school corporation is growing.

Mr. Bronnert asked Mr. Umbaugh if he agrees with the financing, and Mr. Umbaugh said he does and he likes the short issue, if they can handle it.

Mr. Joyce said he would like to hear from the new Superintendent. Mr. Scott Hanback said he is not yet under contract with the school corporation; he is here just more as an observer. He did say that he is confident and aware of the projects, and he gives his full support.

Motion: Mr. Umbaugh motioned to recommend approval of a lease rental agreement with maximum annual payments of \$3,630,000 for a term not to exceed 22 years. Mr. Bronnert seconded the motion, which carried by a vote of 4-2 with Mr. Jones and Mr. Besinger opposed. Ms. Hineline was absent for the vote, but Mr. Jones commented that she supported the project.

Tippecanoe School Corporation, Tippecanoe County (Wyandotte

Elementary): The school is requesting approval to execute a lease in the amount of \$24,600,000 with maximum annual rental payments of \$3,110,000 for a term of seventeen (17) years. The project consists of constructing a new 86,000 square foot elementary school, increasing the school corporation's capacity by 460 students.

Project Costs: \$24,600,000
Amount applied to debt: \$0
Annual Payment: \$3,110,000

Tax Rate Impact:

2007 AV	\$3,902,754,460
Levy Needed	\$2,315,000 (first year)
Est. Tax Rate	.0700

Meeting and publication dates:

Date of publication of the 1028 Hearing	10/26/2006
Date of 1028 Hearing	11/08/2006
Date of Publication of the Preliminary Determination	11/29/2006
Auditor's Certificate of No Remonstrance	12/28/2006
Proof of Publication of Notice on Hearing of Lease	02/22/2007

Common Construction Wage Hearing held 02/14/2008 Vote: 3-0-1

New Facility Appeal: .0109; \$500,000

Present for the hearing: Linda Y. Day, School Board President; Stephen Ford, Architect; Douglas L. Lesley, Principal of Harrison High School; John Beeker, Principal of McCutcheon High School; Mark Deyoung, Attorney; Scott Hanback, Superintendent; David Notary, Assistant Superintendent; Jane Herndon, Bond Counsel from Ice Miller; Kim Fox, Chief Financial Officer; Lonnie Therber, Financial Advisor; and Ron Alting, State Senator.

Comments: Mr. Notary began by stating that their school corporation has grown every year since 1989 to over 12,500 students and is projected to grow over the next three years by the Department of Education; this growth has exceeded 5000 students. They have been proactively handling their growth by working closely with the Realtor Association, local builders, and the

Area Plan Commission. In the proposed district of the new elementary school, the Area Plan Commission predicts there will be over 3000 dwelling units in 2010 and over 4500 units in 2020. Mr. Notary said a school they opened in 1999, which has the current capacity the same as Wyandotte, has close to 1000 kids in it right now with nine portables. They are opening a school this fall, Woodland Elementary, and it will take about 500 kids, which will lighten the load some. He said they are trying to avoid a situation like this again. They move cautiously and plan carefully for building projects, and they have delayed the opening of this particular project one year from 2010 to 2011 due to the slowdown in housing reported to them. He said they did grow though, and the State projects they will continue to grow, so they feel it prudent this time to go forward and have the school built by 2011.

Mr. Notary continued and said there are several factors that influenced the decision to locate and build the school in the proposed location. He said there are 300 acres nearby that have been zoned residential and two hospitals are being built within just a couple miles of the school. The Subaru car plant is located two miles away, a major extension to a road serving as an east/west artery will pass along this site, and a large retail shopping center is nearly complete and is located one mile from the school site.

Mr. Notary then stated that there are two schools from which the new Wyandotte elementary will be taking students. The northern school has two portables now and the southern school has four portables. He added that they have been unable to fully implement full-day kindergarten because of space, but this project will help with this limitation.

Mr. Notary said that in 1998, the School Board decided to go with Shoulder Architectural Firm in Lafayette and have them design an elementary school. They have built three elementary schools with this same design, and this project will be their fourth. What this does is provide them with an accurate cost analysis; they know what it will cost to build and to operate. This building is a blue-collar work building. It has tile and carpet, no terrazzo; cinder block and epoxy-painted walls in the bathrooms; no fancy tile walls or counter tops; no elaborate architectural features; and no marbles window sills or fancy classroom cabinetry. They know that the building works for their instructional programming and their patrons know what they are getting because they can walk through one of the other buildings.

Mr. Therber said the projected repayment period for this project is 15 years even though this issue is smaller than the high school project. The impact of this project is 14 cents. In 2011 the tax rate for debt service will be 39 cents. This year it is 26 cents and in 2009 it will be 33 cents. He said the true cost, though, is 14 cents. He said currently, the school rate is \$1.45; the general fund rate is 73 cents. When that disappears next year (because of the new tax law) the rate will go down to about 70 cents. In regards to the Circuit Breaker, Mr. Therber said it could cost the school corporation, in 2010, around \$100,000 because of the low-valued homes. He said the LSA report has the impact at \$38,000. Mr. Umbaugh asked if the school can handle that, and Mr. Therber said yes.

Mr. Joyce wanted to confirm that their school will hold about 460 students at a cost of \$24.6 million. Mr. Notary said that it is designed for between 450-500 students. Mr. Joyce asked why the cost is so high per student. Mr. Mills said it costs \$57,000 per student, which probably costs

more than the houses they live in. Mr. Stephen Ford, Architect, said TSC is a suburban area so there are more site development issues, such as utilities and parking. He added that there is a storm water ordinance, which is a significant cost. Mr. Besinger asked what the site costs for this site are. Mr. Ford said about \$2-3 million. Mr. Umbaugh said their information shows the cost at \$3.6 million. Mr. Deyoung, Attorney, then commented that when their building is compared to a larger school, the cost-per-student will naturally be higher because they are building a school with a smaller capacity. These smaller capacity schools they build are a direct reflection of input from the community to try and target these schools in the 500-student range. Mr. Joyce said they are already busting at the seams with these smaller elementary schools. Mr. Deyoung said that is not something that is favored, but they choose smaller schools because of the community feel. Mr. Ford added that this building is much more efficient, both with maintenance and energy. The building has a sloped roof, cinder block walls, and energy-efficient windows. He said this building may cost more in the beginning, but these things reduce the long-range maintenance costs down the road. Mr. Joyce said this project is working out to about \$194 a square foot, and the DLGF guideline is \$157 a square foot. He said this is a considerable variance. Mr. Ford said this price includes the fixed equipment and the kitchen equipment. Mr. Deyoung said there is a strong local market for construction in their area. He admits it does exceed the DLGF guidelines, but these are real costs for builders to put this building up. Mr. Therber added that running utilities out there is another site cost. Mr. Umbaugh asked if they have to cross the interstate to run the utilities. Mr. Deyoung said they do not have to cross the interstate, but it is a quarter-mile run. He said it is not just a cost of pipes for the project, but also the cost of bringing the pipes to that location.

Mr. Bronnert asked if the DLGF turns down this project, if they think the project will pass through a referendum. Ms. Linda Day said she is confident that it would with all of their taxpayer support. Ms. Jane Herndon, Bond Counsel, said that the referendum process would cause a 9-12 month delay, which would mean the school would not be completed until 2012 or after. She said if the concern is more with the cost and not the need, the Commissioner has in some cases modified projects without necessarily denying them.

Mr. Joyce commented that he understands the need for this school, but he does not understand the cost. Mr. Mills then commented that maybe they need to build bigger schools so they don't have to keep building.

Mr. Bronnert said that next year the State will pick up the General Fund; he asked if they will still be getting the same amount of money. Mr. Mills said they will. Mr. Bronnert said it costs more money to run a smaller school.

Motion: Mr. Umbaugh motioned to recommend approval of a lease rental agreement with maximum annual payments of \$3,110,000 for a term of 17 years. Ms. Hineline seconded, and the motion failed to carry with a vote of 2-5. Mr. Jones, Mr. Besinger, Mr. Bronnert, Mr. Mills, and Mr. Joyce cast the dissenting votes.

Vincennes Community School Corporation, Knox County: The unit requests approval of a lease/purchase in the amount of \$27,300,000 for a term of twenty-two (22) years

with maximum annual payments of \$2,294,000. The project is to create a new Clark Middle School that will replace a facility built in 1927. The facility will be smaller than the existing Clark Middle School so there will be a net loss in the unit's student capacity at this grade level.

Project costs: \$27,300,000

Applied to Debt: 0

Annual Payment: \$2,294,000

Tax Rate Impact:

2007 AV \$667,919,420

Levy Needed \$2,294.000

Est. Tax Rate .3439

Meeting and publication dates:

Date of publication of the 1028 Hearing 12/06/2007

Date of 1028 Hearing 12/17/2007

Date of Publication of Preliminary Determination 12/17/2007

Auditor's Certificate of Remonstrance 05/01/2008

Notice of Adoption 05/05/2008

Publication of Notice of Adoption 05/14/2008

Present for the hearing: Douglas D. Rose, Superintendent; Hans Steck, Attorney; Tom Nonte, Assistant Superintendent; Anna Marie Burrell, Architect; Wayne Schmidt, Architect; Bill Schad, Business Manager; Belvia Hiadari, Financial Advisor; Jeff Qualkinbush, Bond Consultant; Larry Donovan, Architect; Colette Irwin-Knott, Financial Advisor; Nancy Reynolds Hensel, League of Women Voters; Mary Garney, Taxpayer; Sara Moody, Concerned Citizen; Debbie Lumeweber, Taxpayer; Marion Battles, Retired Teacher; Lavona Battles, Taxpayer; Betty Lankford, Teacher's Aide/Chief's Wife; Jim Croy, Retired Accountant; David M. Hill, Athletic Director; Jonathan W. Laura, Assistant Principal; Steven Thais, Teacher; Michael Lankford, Fire Chief; David Skinner, School Corp President and Local Businessman; Brian Wilson, Clark Middle School Principal; Jennifer Skinner, Parent/Taxpayer; Susan Skinner, Student; Daniel J. Combs, Taxpayer; Stephen D. Combs, Taxpayer; Joyce Memering, Taxpayer; Barbara Cannon, School Corp Secretary; Kelley Crowley, Principal; Charlotte Swonder, Taxpayer; Ruth R. Dubbs, Teacher and Taxpayer; Valerie Kelly, Parent and Teacher; Greg Cardinal, Sr. Vice President Banking; Elizabeth Bauer, Parent/RN/Taxpayer; Aaron Bauer, School Board Elect; Janet Honte, Taxpayer; Matt Schuckman, Taxpayer; Pamela Stewart, Taxpayer; Duane Chattin, President of Vincennes City Council; Debbie Rose, Taxpayer; Ali Skinner, Student; Barb Loale, Parent/Case Manager/Taxpayer; Shawn Cardinal, Parent/Coding Analyst; Terry Moony, Retired; Melissa Turner, School Board Member/Parent; Stephen Turner, Parent/Nurse; Anna Marie Bunell, Architect; Larry W. Donovan, Architect; Bill Schad, Financial Manager VCSC; Bryan Thais, School Board; Jay Smith, Parent; Melissa Stewart, Graduate; Rebekah Stewart, Graduate; and Alan Stevens, Board Member.

Comments: Mr. Douglas Rose, Superintendent, began and stated that the people here today represent the culmination of one Indiana school corporation collaborating with its community to find a clear balance between the clear needs of the students and the financial needs of the

taxpayers. With the exception of Lincoln High School, built in 1988, the majority of their schools are 80 years or older. Due to the age of their buildings, it was concluded that all five elementary schools and the middle school need addressed immediately. In the winter of 2005, they held a 1028 Hearing for a \$57 million project that addressed these needs. This project was eventually defeated by the petition/remonstrance process in early 2006. After meeting with the remonstrators and having multiple public meetings, the school corporation discovered that the majority of the community supported retaining all of the neighborhood schools, addressing some of the facility needs at the elementary schools with their Capital Projects Fund, and building a new Clark Middle School to be financed through bonds. The community also asked that the cost of the project be significantly reduced, and the project before the Board today is the result of a near 50% reduction in cost. Mr. Rose continued and said that there were some community members that opposed any sort of school project and thus there was a petition/remonstrance process. On May 1, 2008, the supporters of the project defeated the remonstrators.

Mr. Rose then said that this project will replace a building that is more than 80 years old; it is not handicap-accessible, it has poor ventilation, outdated air-handling systems, and rooms that are too small for today's curriculum. He said it has a great deal of wasted space, it has no outdoor physical education space, and it does not allow for use of today's technology. The new building will address all of these needs and it does so in an effective and efficient manner. As a result of the efficient design of the new facility, the building has about 20,000 square feet less than the current building, but has three more classrooms. It provides for additional science and learning labs and has increased classroom size. Mr. Rose said this building will have more efficient heating and cooling systems and is projected to reduce the utility costs of the school corporation. Because the new middle school will be located adjacent to the high school, it will not need an auditorium or a second physical education gymnasium, and it will allow the students easy access to outdoor physical education areas. He added that this new location will also reduce transportation costs by eliminating two bus routes and possibly more. The new building will be only one story which will eliminate all accessibility issues and provide the students with safe zones throughout. Finally, the new facility will accommodate all the anticipated technology needs of the students in a cost-effective manner. He said the construction costs of this project are more than \$4 below the DLGF guidelines.

Mr. Rose continued and talked about the financing of the project. He said the school corporation will lease the existing middle school and the new middle school, once it is completed, from a local building corporation. By leasing the existing middle school during construction, they will be able to eliminate about \$2 million in capitalized interest. He said the school corporation and the community understand that this project will result in an increased debt service tax rate of 31 cents. He said this increase will only be for six years, and after 2015 they expect the debt service fund rate to drop by almost 28 cents, as the high school debt will be paid off.

Mr. Michael Lankford, Fire Chief, took the floor next and stated that new schools have safety built in to their structure, such as automatic firewalls and safe rooms to house students and faculty; older schools do not. He said an earthquake with a magnitude of 6.5 or greater is eminent in the next 15 years. He said it is probable that an older building, like the current middle school, would sustain major damage. He added that a one-story school is also better for disabled children.

Mr. Alan Stewart, School Board President, spoke next and said that the present school is not handicap accessible, and could not be even with extensive renovations. He then began to talk more in depth about their first proposal which was defeated by the petition/remonstrance process. He said the opposition felt that they had not given a real evaluation of the possibility of renovating the existing facilities; they felt they weren't giving any thought to historic preservation. The opposition also felt the overall project was too expensive, and many wanted the neighborhood elementary schools preserved. They also felt that more room could have been created in the middle school by moving the sixth grade back to the elementary schools. In addition, they felt the current athletic field, which is also historic, should be renovated and maintained. He said that because of these concerns by the opposition, they undertook a study through a grant that was obtained by the opposition through the Knox County Historical Association and the Historic Landmarks of Indiana for \$2500. One study was an academic evaluation and the other was an architectural study focusing on renovation. The conclusion of the study was that the middle could not meet the academic needs of the students through renovation, and that there is not enough room to move the sixth grade to the elementary schools. Mr. Stewart said the school then adopted a Long Range Facility Plan which includes building the new middle school and over the next 15 years looking every five years at renovating or adding on to the three larger elementary schools. He said they had then answered every single criticism brought up by those in opposition of their original project.

Mr. Stewart continued and said they have accomplished their goal of historically preserving the elementary schools. He said in looking at the historic preservation of the current middle school, they made presentations to Southern Indiana Home Ownership, a non-profit organization that is interested in upgrading housing in communities, and they said that the building could be made into residential units that could add to their tax base. They have had architectural firms tour the building as well and they say it could have some good secondary use.

Mr. Stewart summarized that with all of these changes, one-third of those that were originally opposed to the project are now in favor of the project, one-third are neutral, and the other one-third are opposed to any sort of building project.

Mr. Mills asked what the original purpose of the building was, and Mr. Rose said it was the original Lincoln High School. He said when they built the new Lincoln High School they moved the middle school kids over because it was about eight years newer than the original middle school.

Mr. Umbaugh asked about the Circuit Breaker impact. Ms. Belvia Hiadari, Financial Advisor, said the impact including the bond issue is \$752,000. This figure includes the impact of the debt service coming on in 2010 and the state credits of \$446,000 as shown in the LSA report. Mr. Umbaugh asked if the school can handle it, and Mr. Rose said yes.

Mr. Jones asked what the estimated impact is going to be on the average taxpayer. Ms. Collette Irwin-Knott, Financial Advisor, said it will be about 31 cents. She said that for a \$50,000 home the impact will be \$70 a year; for a \$62,000 home the impact will be \$91 a year, and for a

\$200,000 the impact will be about \$500 a year. Mr. Jones asked what the average assessed value home is in Vincennes, to which Ms. Irwin-Knott answered \$62,000.

Mr. Bronnert then wanted to clarify that architects said they could convert the existing building into something useful. Mr. Rose said they have had two architects come and tour the facility and they both mentioned they would convert it to senior citizen housing. Mr. Bronnert asked if the school corporation would get some money for that, and Mr. Rose said yes, though the building is not worth a lot.

Mr. Jones asked if they are planning on keeping the administrative offices where they are now and Mr. Rose said no. He said they purchased a dermatology office across from Lincoln High School because they are currently using the old junior high building. Mr. Joyce wanted to confirm that when this project is all said and done, both of the old buildings will be empty. Mr. Rose said that is correct. He added that he hopes that the current middle school could be put on the tax rolls; the current administration building has not been evaluated yet.

Mr. Besinger asked where they will apply the money that they get from selling the buildings. Mr. Rose said that will be the Board's decision.

Mr. Jones asked what the current total tax rate is. Mr. Rose said the current total rate for the school is \$1.47. Mr. Jones said he was referring to the total tax rate, not just the school rate. Ms. Irwin-Knott said the total rate is \$4.13 for taxes payable in 2007, and this is comprised of .0024 cents for the state, 69.8 cents for the county, 3.2 cents for the township, 8.95 cents for the library, and \$1.74 for the City of Vincennes.

Mr. Bronnert asked when the State picks up the General Fund, if they will be able to keep their 14:1 student to teacher ratio. Mr. Rose said yes. He said when they began planning this project, they planned to keep that ratio and full day kindergarten. One of the things that is helping them is that they just had 16 teachers retire this year, so there would be adequate savings by replacing them. He said the impact curriculum-wise and on their students shouldn't be very much at all. Mr. Bronnert then asked if a lot of their students go to college. Mr. Rose said yes, though some drop out during their first year like many other school districts. He said it helps that they have Vincennes University in the area. Mr. Stewart added that about 75 % of their high school seniors go to college which is higher than the 62% state average. Ms. Hineline asked if they have a program with Vincennes University right now for college admission. Mr. Rose said no, but they are addressing it. He did say that they do have some dual credit programs and some vocational programs with them though.

Mr. McLean stated that the DLGF has gotten numerous letters from taxpayers in regards to this project. He said it is about a 50/50 split with letters for and against the project. He asked Mr. Bronnert to allow anyone present to speak that is opposed to the project. However, no one that is in opposition to the project was present. Mr. Bronnert asked if the people who wrote in opposed to the project are just against any building project in general. Mr. McLean said they are mainly speaking against the increase in the tax rate.

Motion: Mr. Mills motioned to recommend approval of a lease rental agreement with maximum annual payments of \$2,294,000 for a term of 22 years. Mr. Joyce seconded and the motion carried by a vote of 7-0.